Investment Idea / IPO Note

LAC Med Berhad

Going big in Indonesia

By Crystal Chin

BUY

IPO Price: RM0.75

Fair Value: RM0.93

LAC Med Berhad (LACMED: 5341), specialises in the supply and integration of medical devices. The Group serves as an authorised distributor of medical devices for customers that operate mainly in the healthcare industry in Malaysia and Indonesia. We project LACMED to register core net earnings of RM21.3m and RM26.4m for FY25F and FY26F. BUY with a fair value of RM0.93, premised on 14x PER over FY26F EPS, underpinned by (i) Indonesia expansion, (ii) rollout of EaaS subscription model and (iii) strong customer stickiness.

As at Nov 30, 2025, LACMED's order book stood at RM190.8m and we see the growth to remain strong for LACMED, supported by its Indonesia expansion (PT Fairmed), where the Group plans new branches in Sumatra, Surabaya by 2H26 and Kalimantan by 2H27. Thus, we anticipate noticeable revenue uplift from this market from FY27 onwards.

With 21 years of experience, LACMED has evolved from a medical consumable supplier to an integrated provider of end-to-end medical device solutions. The Group has served over 170 active customers for FPE25 across Peninsular Malaysia and East Malaysia. It currently distributes medical devices from 10 established principals including sole distributorship for Samsung (2013) and Philips (2017), which significantly deepen LACMED customer stickiness and support long-term recurring income throughout the equipment lifecycle.

The Group is also rolling out an equipment-as-a-service (EaaS) model, allowing customers to access integrated medical systems via subscription fees instead of heavy capex, with full maintenance handled by LACMED. This provides recurring revenue, customer stickiness and bigger lifetime value than one-off sales. The Group aims to begin the EaaS offering by 1H26.

LACMED currently supplies third-party software and systems alongside its own GoDetect power and environmental monitoring solution. The Group plans to broaden its healthcare informatics segment by introducing a Medical Equipment Asset Management System (MEAMS), incorporating RFID and barcode tracking for real-time asset monitoring and maintenance management. This will improve asset availability, reliability, and utilisation while reducing downtime. The Group aims to complete development and begin marketing MEAMS by 2H26.

LACMED's financial position remains healthy with a net cash balance sheet. The Group has a dividend payout policy of at least 30% of net profit, reflecting strong commitment to shareholder returns.

KLCI	1,614.17
YTD FBM KLCI change	-1.71%
YTD FBM SC Index change	-12.70%

Stock Information

Market Cap Upon Listing (RM'm)	300.00
Enlarged Share Capital (m)	400.00
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Capital expenditure:	
- Setting up new head office and warehouse	12.00
- Expansion of Indonesian business	8.00
- Establishment of EaaS and MEAMS segments	8.00
Repayment of bank borrowings	16.00
Working capital	6.15
Estimated listing expenses	5.50
Total	**55.65**

Major Shareholders

Liew Yoon Poh	20.9%
Liew Yoon Kit	16.4%
Giam Teck Eng	16.4%

Summary Earnings Table

FY Dec (RM'm)	2023A	2024A	2025F	2026F
Revenue	150.3	183.2	200.2	241.3
EBIT	26.8	27.5	28.7	35.7
Pretax profit	25.7	27.0	28.2	35.1
PATAMI	**20.7**	**20.4**	**21.3**	**26.4**
Core PATAMI	**20.7**	**20.4**	**21.3**	**26.4**
Consensus	-	-	-	-
Core EPS (sen)	5.2	5.1	5.3	6.6
EPS growth (%)	59%	-2%	4%	24%
DPS (sen)	1.0	4.6	1.6	2.0
PER (x)	14.5	14.7	14.1	11.3
BV/Share (RM)	1.36	0.42	0.50	0.58
ROE (%)	2.8%	3.8%	5.7%	11.7%
Div. Yield (%)	1.3%	6.2%	2.1%	2.6%

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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